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GOVERNOR



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COMPTROLLER

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December 22, 1987

COMPTROLLER'S MEMORANDUM NO. 1987-29

TO: Heads of Departments and Agencies  
ATTN.: Personnel/Payroll Offices  
FROM: Russel S. Nagata, Comptroller  
SUBJECT: Savings Bond Program Change

We have been informed by the U.S. Savings Bond Division that, effective February 1, 1988, issuance of savings bonds in the \$50 denomination and in the \$75 denomination will no longer be available to new participants in the payroll savings bond program. Consequently, beginning on that date, for new participants, savings bonds in the \$100 denomination will be the minimum denomination that can be issued.

It is important to note that current participants who are already receiving savings bonds in the \$50 denomination or in the \$75 denomination will continue to do so. They are not affected by the subject change.

The information received from the U.S. Savings Bond Division explains that the subject change is being made for reasons of cost effectiveness. The redemption pattern for lower denomination savings bonds and the related large administrative costs are among the reasons for the change. In line with the State's continuing support of the savings bond program, please forward the information on this program change to the appropriate office in your department or agency, so that deduction authorizations from new participants will not inadvertently be accepted for unallowed denominations.

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To conform to the federal effective date for the subject change, January 1988 will be the final month in which new participants may begin payroll deduction for savings bonds in the \$50 denomination or in the \$75 denomination. The usual deadline for submission to Central Payroll of savings bond authorization forms for new authorizations is 4:00 p.m. of the first work day of the month in which the deduction is initiated (paragraph I.A.2 of Section 355 of the Accounting Manual, Volume III). Therefore, the deadline for submission to Central Payroll of new participants' savings bond authorization forms indicating either the \$50 denomination bonds or the \$75 denomination bonds will be 4:00 p.m. on Monday, January 4, 1988.

We hope that this savings bond program change will in no way discourage new participation in the program. If prospective new participants seem concerned about the change, it may be helpful to them for your personnel/payroll staff to remind them that the change does not affect the amount of deduction that may be authorized; the amount of deduction is not impacted by the absence of \$50 denomination bonds and \$75 denomination bonds. For employees generally, the substantial benefits of the program remain.

If questions arise from your current participants regarding the program change, your personnel/payroll staff should assure them that their participation is unaffected by the change. Employees who currently receive savings bonds in the \$50 denomination or in the \$75 denomination will continue to do so, and they may continue to make inscription changes (address changes, name changes for owner, co-owner, beneficiary, etc.) in those denominations of bonds, as long as the current authorization remains in effect.

If your personnel/payroll staff should have any questions on this matter, they may call Mrs. Lillian Odo of our Central Payroll office at 548-4204.

  
RUSSELL S. NAGATA  
Comptroller